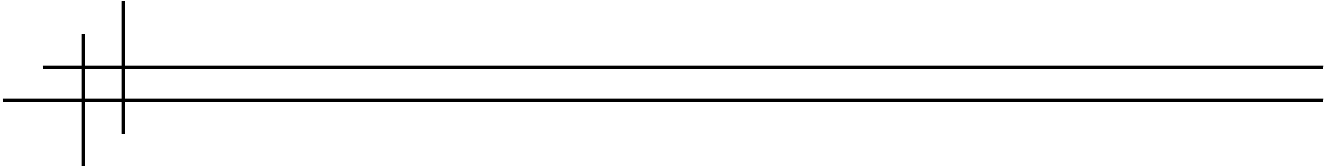




STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE

ANNUAL FINANCIAL REPORT
June 30, 2014

De'Aun Willoughby CPA, PC
Certified Public Accountant
Clovis, New Mexico



STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
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STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
Official Roster
June 30, 2014

CITY COUNCIL

Eunice Kent	Mayor
Kim Skinner	Mayor Pro Tem
Dee Rogers	Councilor
Gerald LaFont	Councilor
Sarah Stagner	Councilor

ADMINISTRATIVE OFFICIAL

Alan Briley	City Manager
Rosemary Garretson	Clerk/Treasurer

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88101
(855) 253-4313

Independent Auditor's Report

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the City of Elephant Butte

Mr. Balderas and Members of the Board

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of City of Elephant Butte (City), as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental funds, and the budgetary comparisons for the capital projects fund and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2014, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the City as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the capital projects fund and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management has omitted the Management's Discussion and Analysis which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the City's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The schedule required by 2.2.2.NMAC is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule required by 2.2.2 NMAC is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the schedule required by 2.2.2 NMAC is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 24, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.



Clovis, New Mexico
November 24, 2014

FINANCIAL SECTION

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
Government-Wide Statement of Net Position
June 30, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 881,967	\$ 419,496	\$ 1,301,463
Investments	970	0	970
Accounts Receivable	0	40,911	40,911
Taxes Receivables	44,891	0	44,891
Due from Grantor	27,991	0	27,991
Total Current Assets	<u>955,819</u>	<u>460,407</u>	<u>1,416,226</u>
Noncurrent Assets			
Restricted Cash	0	114,345	114,345
Capital Assets	5,640,997	13,696,994	19,337,991
Less: Accumulated Depreciation	<u>(1,063,359)</u>	<u>(1,996,577)</u>	<u>(3,059,936)</u>
Total Noncurrent Assets	<u>4,577,638</u>	<u>11,814,762</u>	<u>16,392,400</u>
Total Assets	<u>5,533,457</u>	<u>12,275,169</u>	<u>17,808,626</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	6,677	10,704	17,381
Accrued Salaries and Benefits	2,975	3,722	6,697
Compensated Absences	8,339	0	8,339
Accrued Interest	1,400	1,359	2,759
Current Portion of Long-Term Debt	16,592	67,023	83,615
Total Current Liabilities	<u>35,983</u>	<u>82,808</u>	<u>118,791</u>
Noncurrent Liabilities			
Customer Deposits	0	47,187	47,187
Long-Term Debt	245,327	1,616,363	1,861,690
Total Noncurrent Liabilities	<u>245,327</u>	<u>1,663,550</u>	<u>1,908,877</u>
Total Liabilities	<u>281,310</u>	<u>1,746,358</u>	<u>2,027,668</u>
NET POSITION			
Net Investment in Capital Assets	4,577,638	10,017,031	14,594,669
Restricted for Capital Projects	309,658	0	309,658
Unrestricted	364,851	511,780	876,631
Total Net Position	<u>\$ 5,252,147</u>	<u>\$ 10,528,811</u>	<u>\$ 15,780,958</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
 Government-Wide Statement of Activities
 For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net(Expenses) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities							
General Government	\$ 478,806	\$ 8	\$ 223,111	\$ 0	\$ (255,687)	\$ 0	\$ (255,687)
Public Safety	122,034	12,133	87,866	0	(22,035)	0	(22,035)
Public Works	272,206	0	0	310,843	38,637	0	38,637
Public Health	27,080	0	0	0	(27,080)	0	(27,080)
Culture & Recreation	176,995	17,913	27,990	0	(131,092)	0	(131,092)
Interest on Obligations	9,764	0	0	0	(9,764)	0	(9,764)
Total Governmental Activities	\$ 1,086,885	\$ 30,054	\$ 338,967	\$ 310,843	(407,021)	0	(407,021)
Business-type Activities							
Water	196,870	202,701	0	0	0	5,831	5,831
Waste Water	558,769	299,770	0	0	0	(258,999)	(258,999)
Total Business-type Activities	\$ 755,639	\$ 502,471	\$ 0	\$ 0	0	(253,168)	(253,168)
General Revenues							
Property Taxes					257,577	0	257,577
Gross Receipts Taxes					375,317	0	375,317
Gasoline Taxes					17,799	0	17,799
Franchise Taxes					30,523	0	30,523
Other Taxes					62,019	0	62,019
Miscellaneous					7,425	416	7,841
Total General Revenues					750,660	416	751,076
Other Items							
Contributed Capital					(152,461)	152,461	0
Transfers					(41,921)	41,921	0
Change in Net Position					149,257	(58,370)	90,887
Net Position - Beginning					5,135,827	10,587,181	15,723,008
Restatement					(32,937)	0	(32,937)
Restated Beginning Net Position					5,102,890	10,587,181	15,690,071
Net Position - Ending					\$ 5,252,147	\$ 10,528,811	\$ 15,780,958

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
 GOVERNMENTAL FUNDS
 Balance Sheet
 June 30, 2014

	<u>General</u>	<u>Special Revenue Streets</u>	<u>Capital Projects</u>
ASSETS			
Cash and Cash Equivalents	\$ 330,961	\$ 119,399	\$ 309,658
Investments	970	0	0
Receivables			
Taxes	38,057	2,685	0
Due from Grantor	0	0	0
Total Assets	<u>\$ 369,988</u>	<u>\$ 122,084</u>	<u>\$ 309,658</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 2,534	\$ 0	\$ 0
Accrued Salaries & Benefits	2,975	0	0
Total Liabilities	<u>5,509</u>	<u>0</u>	<u>0</u>
Fund Balances			
Restricted for:			
Special Revenue Funds	0	122,084	0
Capital Projects	0	0	309,658
Unassigned	364,479	0	0
Total Fund Balances	<u>364,479</u>	<u>122,084</u>	<u>309,658</u>
Total Liabilities and Fund Balances	<u>\$ 369,988</u>	<u>\$ 122,084</u>	<u>\$ 309,658</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
 GOVERNMENTAL FUNDS
 Balance Sheet
 June 30, 2014

	<u>Non-Major Governmental</u>	<u>Total Governmental</u>
ASSETS		
Cash and Cash Equivalents	\$ 121,949	\$ 881,967
Investments	0	970
Receivables		
Taxes	4,149	44,891
Due from Grantor	27,991	27,991
Total Assets	<u>\$ 154,089</u>	<u>\$ 955,819</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 4,143	\$ 6,677
Accrued Salaries & Benefits	0	2,975
Total Liabilities	<u>4,143</u>	<u>9,652</u>
Fund Balances		
Restricted for:		
Special Revenue Funds	149,946	272,030
Capital Projects	0	309,658
Unassigned	0	364,479
Total Fund Balances	<u>149,946</u>	<u>946,167</u>
Total Liabilities and Fund Balances	<u>\$ 154,089</u>	<u>\$ 955,819</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Position
 June 30, 2014

Total Fund Balance - Governmental Funds \$ 946,167

Amounts reported for governmental activities in the Statement of Net Position
 are different because:

Capital assets used in governmental activities are not
 financial resources and therefore are not reported as assets
 in governmental funds.

Capital Assets	\$	5,640,997	
Accumulated Depreciation		<u>(1,063,359)</u>	4,577,638

Long-term and certain other liabilities, including notes
 payable, are not due and payable in the current period and
 therefore are not reported as liabilities in the funds. Long-
 term and other liabilities at year end consist of :

Notes Payable		(261,919)	
Accrued interest on Notes Payable		(1,400)	
Compensated Absences		<u>(8,339)</u>	<u>(271,658)</u>

Total Net Position - Governmental Activities \$ 5,252,147

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and Changes
in Fund Balance
For the Year Ended June 30, 2014

	<u>General</u>	<u>Special Revenue Streets</u>	<u>Capital Projects</u>
Revenues			
Taxes			
Gross Receipts Taxes	\$ 375,317	\$ 0	\$ 0
Property Taxes	257,577	0	0
Franchise Taxes	30,523	0	0
Lodgers Taxes	0	0	0
Gasoline Taxes	0	17,799	0
Motor Vehicle Taxes	0	16,617	0
Charge for Services	8	0	0
State Grants	223,111	310,843	0
License, Fees and Fines	11,700	0	0
Interest Income	1,035	163	0
Other	2,506	0	44
Total Revenues	<u>901,777</u>	<u>345,422</u>	<u>44</u>
Expenditures			
Current			
General Government	463,373	0	0
Public Safety	34,850	0	0
Public Works	178,771	388	0
Public Health	27,080	0	0
Culture and Recreation	10,199	0	0
Capital Outlay	30,000	397,147	373,482
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>744,273</u>	<u>397,535</u>	<u>373,482</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>157,504</u>	<u>(52,113)</u>	<u>(373,438)</u>
Other Financing Sources (Uses)			
Transfers In (Out)	(510,611)	84,000	350,000
Total Other Financing Sources (Uses)	<u>(510,611)</u>	<u>84,000</u>	<u>350,000</u>
Net Change in Fund Balance	(353,107)	31,887	(23,438)
Fund Balances at Beginning of Year	<u>717,586</u>	<u>90,197</u>	<u>333,096</u>
Fund Balance End of Year	<u>\$ 364,479</u>	<u>\$ 122,084</u>	<u>\$ 309,658</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and Changes
in Fund Balance
For the Year Ended June 30, 2014

	<u>Non-Major Governmental</u>	<u>Total Governmental</u>
Revenues		
Taxes		
Gross Receipts Taxes	\$ 0	\$ 375,317
Property Taxes	0	257,577
Franchise Taxes	0	30,523
Lodgers Taxes	45,402	45,402
Gasoline Taxes	0	17,799
Motor Vehicle Taxes	0	16,617
Charge for Services	17,913	17,921
State Grants	115,856	649,810
License, Fees and Fines	433	12,133
Interest Income	0	1,198
Other	3,677	6,227
Total Revenues	<u>183,281</u>	<u>1,430,524</u>
Expenditures		
Current		
General Government	0	463,373
Public Safety	59,891	94,741
Public Works	0	179,159
Public Health	0	27,080
Culture and Recreation	162,208	172,407
Capital Outlay	0	800,629
Debt Service		
Principal	16,269	16,269
Interest	8,722	8,722
Total Expenditures	<u>247,090</u>	<u>1,762,380</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(63,809)</u>	<u>(331,856)</u>
Other Financing Sources (Uses)		
Transfers In (Out)	<u>34,690</u>	<u>(41,921)</u>
Total Other Financing Sources (Uses)	<u>34,690</u>	<u>(41,921)</u>
Net Change in Fund Balance	(29,119)	(373,777)
Fund Balances at Beginning of Year	<u>179,065</u>	<u>1,319,944</u>
Fund Balance End of Year	<u>\$ 149,946</u>	<u>\$ 946,167</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
 Reconciliation of the Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 To the Statement of Activities
 June 30, 2014

Net Change in Fund Balance \$ (373,777)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.

Depreciation expense	(136,563)	
Contributed to Utility Fund	(152,461)	
Capital Outlays	800,629	511,605

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

16,269

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

Accrued Interest, June 30, 2013	358	
Accrued Interest, June 30, 2014	(1,400)	(1,042)

Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences, June 30, 2013	4,541	
Compensated Absences, June 30, 2014	(8,339)	(3,798)

Changes in Net Position of Governmental Activities

\$ 149,257

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Taxes				
Gross Receipts	\$ 407,161	\$ 407,161	\$ 383,242	\$ (23,919)
Property	225,752	225,752	254,204	28,452
Franchise	33,000	33,000	30,466	(2,534)
License & Permits	10,300	10,300	10,270	(30)
Charge for Services	100	100	8	(92)
Fines & Forfeitures	1,000	1,000	1,430	430
State Grants	150,000	150,000	223,111	73,111
Interest Income	1,100	1,100	1,035	(65)
Miscellaneous	4,640	4,640	2,507	(2,133)
Total Revenues	<u>833,053</u>	<u>833,053</u>	<u>906,273</u>	<u>73,220</u>
Expenditures				
Executive				
Personnel Services	9,771	9,771	12,171	(2,400)
Benefits	748	748	1,064	(316)
Operating Costs	42,500	42,500	33,185	9,315
Total Executive	<u>53,019</u>	<u>53,019</u>	<u>46,420</u>	<u>6,599</u>
Judicial				
Personnel Services	6,332	6,332	6,072	260
Benefits	484	484	463	21
Operating Costs	10,450	10,450	14,028	(3,578)
Capital Outlay	1,000	1,000	0	1,000
Total Judicial	<u>18,266</u>	<u>18,266</u>	<u>20,563</u>	<u>(2,297)</u>
Election				
Operating Costs	3,000	3,000	1,336	1,664
Total Election	<u>3,000</u>	<u>3,000</u>	<u>1,336</u>	<u>1,664</u>
Administration				
Personnel Services	154,953	154,953	136,665	18,288
Benefits	54,798	54,798	38,721	16,077
Operating Costs	217,583	217,583	138,865	78,718
Total Administration	<u>427,334</u>	<u>427,334</u>	<u>314,251</u>	<u>113,083</u>
Health & Welfare				
Hospital	27,050	27,050	27,080	(30)
Total Health & Welfare	<u>\$ 27,050</u>	<u>\$ 27,050</u>	<u>\$ 27,080</u>	<u>\$ (30)</u>

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Planning and Zoning				
Personnel Services	\$ 53,971	\$ 53,971	\$ 54,490	\$ (519)
Benefits	19,898	19,898	16,930	2,968
Operating Costs	30,150	30,150	15,130	15,020
Total Planning and Zoning	<u>104,019</u>	<u>104,019</u>	<u>86,550</u>	<u>17,469</u>
Public Safety				
Dispatch	0	0	22,600	(22,600)
Animal Shelter	0	0	12,250	(12,250)
Total Public Safety	<u>0</u>	<u>0</u>	<u>34,850</u>	<u>(34,850)</u>
Streets				
Personnel Services	38,854	38,854	30,326	8,528
Benefits	12,008	12,008	8,488	3,520
Operating Costs	172,000	172,000	141,375	30,625
Capital Outlay	30,000	30,000	30,000	0
Total Streets	<u>252,862</u>	<u>252,862</u>	<u>210,189</u>	<u>42,673</u>
Culture & Recreation				
Fireworks	0	0	4,500	(4,500)
Library	0	0	2,000	(2,000)
Area on Aging	0	0	3,699	(3,699)
Total Culture & Recreation	<u>0</u>	<u>0</u>	<u>10,199</u>	<u>(10,199)</u>
Total Expenditures	<u>885,550</u>	<u>885,550</u>	<u>751,438</u>	<u>134,112</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(52,497)</u>	<u>(52,497)</u>	<u>154,835</u>	<u>207,332</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>(250,000)</u>	<u>(250,000)</u>	<u>(510,611)</u>	<u>260,611</u>
Total Financing Other Sources (Uses)	<u>(250,000)</u>	<u>(250,000)</u>	<u>(510,611)</u>	<u>260,611</u>
Net Change in Cash Balance	(302,497)	(302,497)	(355,776)	(53,279)
Cash Balance Beginning of Year	\$ <u>687,707</u>	\$ <u>687,707</u>	\$ <u>687,707</u>	\$ <u>0</u>
Cash Balance End of Year	\$ <u><u>385,210</u></u>	\$ <u><u>385,210</u></u>	\$ <u><u>331,931</u></u>	\$ <u><u>(53,279)</u></u>

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
 GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget- Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ (355,776)	
Net Change in Taxes Receivable			(37,079)	
Net Change in Accounts Payable			8,885	
Net Change in Accrued Salaries & Benefits			1,566	
Net Change in Unearned Revenue			29,297	
Net Change in Fund Balance			<u>\$ (353,107)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
SPECIAL REVENUE FUND-MUNICIPAL STREETS FUND
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Gasoline Taxes	\$ 21,000	\$ 21,000	\$ 17,725	\$ (3,275)
Motor Vehicle Taxes	14,000	14,000	17,993	3,993
State Grant	510,200	510,200	310,843	(199,357)
Interest Income	125	125	162	37
Transfer In	84,000	84,000	84,000	0
Total Revenues	<u>629,325</u>	<u>545,325</u>	<u>430,723</u>	<u>(198,602)</u>
Expenditures				
Public Works				
Operating Costs	0	0	338	(338)
Capital Outlay	641,270	641,270	397,197	244,073
Total Expenditures	<u>641,270</u>	<u>641,270</u>	<u>397,535</u>	<u>243,735</u>
Excess (Deficiency) of Revenues Over Expenditures	(11,945)	(95,945)	33,188	129,133
Cash Balance Beginning of Year	<u>86,211</u>	<u>86,211</u>	<u>86,211</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 74,266</u>	<u>\$ (9,734)</u>	<u>\$ 119,399</u>	<u>\$ 129,133</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 33,188	
Net Change in Taxes Receivable			(1,301)	
Net Change in Accounts Payables			0	
Net Change in Fund Balance			<u>\$ 31,887</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
 PROPRIETARY FUND
 Statement of Net Position
 June 30, 2014

	<u>Water</u>	<u>Waste Water</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 252,292	\$ 167,204	\$ 419,496
Receivables (net of allowance for uncollectible accounts)			
Accounts	18,656	22,255	40,911
Total Current Assets	<u>270,948</u>	<u>189,459</u>	<u>460,407</u>
Noncurrent Assets			
Restricted Cash	48,775	65,570	114,345
Capital Assets	1,651,587	12,045,407	13,696,994
Less: Accumulated Depreciation	(650,686)	(1,345,891)	(1,996,577)
Total Noncurrent Assets	<u>1,049,676</u>	<u>10,765,086</u>	<u>11,814,762</u>
Total Assets	<u>1,320,624</u>	<u>10,954,545</u>	<u>12,275,169</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	792	9,912	10,704
Accrued Salaries and Benefits	1,382	2,340	3,722
Accrued Interest	0	1,359	1,359
Current Portion of Long-Term Debt	13,077	53,946	67,023
Total Current Liabilities	<u>15,251</u>	<u>67,557</u>	<u>82,808</u>
Noncurrent Liabilities			
Customer Deposits	47,187	0	47,187
Long-Term Debt	266,941	1,349,422	1,616,363
Total Noncurrent Liabilities	<u>314,128</u>	<u>1,349,422</u>	<u>1,663,550</u>
Total Liabilities	<u>329,379</u>	<u>1,416,979</u>	<u>1,746,358</u>
NET POSITION			
Investment in Net Capital Assets	720,883	9,296,148	10,017,031
Unrestricted	270,362	241,418	511,780
Total Net Position	<u>\$ 991,245</u>	<u>\$ 9,537,566</u>	<u>\$ 10,528,811</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
 PROPRIETARY FUND
 Statement of Revenue, Expenses and Changes in Net Position
 For the Year Ended June 30, 2014

	<u>Water</u>	<u>Waste Water</u>	<u>Total</u>
Operating Revenues			
Sales & Service	\$ 202,701	\$ 299,770	\$ 502,471
Total Operating Revenues	<u>202,701</u>	<u>299,770</u>	<u>502,471</u>
Operating Expenses			
Operating Expenses	147,641	279,024	426,665
Depreciation	<u>43,372</u>	<u>244,854</u>	<u>288,226</u>
Total Operating Expenses	<u>191,013</u>	<u>523,878</u>	<u>714,891</u>
Operating Income	<u>11,688</u>	<u>(224,108)</u>	<u>(212,420)</u>
Nonoperating Revenue (Expenses)			
Interest Income	210	206	416
Interest Expense	<u>(5,857)</u>	<u>(34,891)</u>	<u>(40,748)</u>
Total Nonoperating Revenue (Expenses)	<u>(5,647)</u>	<u>(34,685)</u>	<u>(40,332)</u>
Other Items			
Contributed from Capital Projects	0	152,461	152,461
Transfers In (Out)	<u>(34,500)</u>	<u>76,421</u>	<u>41,921</u>
Total Other Items	<u>(34,500)</u>	<u>228,882</u>	<u>194,382</u>
Change in Net Position	(28,459)	(29,911)	(58,370)
Total Net Position - Beginning	<u>1,019,704</u>	<u>9,567,477</u>	<u>10,587,181</u>
Total Net Position - Ending	<u>\$ 991,245</u>	<u>\$ 9,537,566</u>	<u>\$ 10,528,811</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
 PROPRIETARY FUND
 Statement of Cash Flows
 For the Year Ended June 30, 2014

	<u>Water</u>	<u>Waste Water</u>	<u>Total</u>
Cash Flows from Operating Activities			
Cash Received From Customers	\$ 210,653	300,783	\$ 511,436
Cash Paid to Suppliers and Employees	(155,597)	(267,988)	(423,585)
Net Cash Provided by Operating Activities	<u>55,056</u>	<u>32,795</u>	<u>87,851</u>
Cash Flows from Capital & Related Financing Activities			
Invested in Capital Assets	(42,638)	(196,659)	(239,297)
Transfer In (Out) Governmental Fund	(34,500)	228,882	194,382
Principal Paid	(12,821)	(73,863)	(86,684)
Interest Paid	(5,857)	(34,891)	(40,748)
Net Cash Provided by Capital & Related Financing Activities	<u>(95,816)</u>	<u>(76,531)</u>	<u>0</u>
Cash Flows from Investing Activities			
Interest Received	210	206	416
Net Cash Provided by Investing Activities	<u>210</u>	<u>206</u>	<u>416</u>
Net Increase (Decrease) in Cash	(40,550)	(43,530)	(84,080)
Cash, Beginning of the Year	<u>341,617</u>	<u>276,304</u>	<u>617,921</u>
Cash, Ending of the Year	<u>\$ 301,067</u>	<u>232,774</u>	<u>\$ 533,841</u>
Reconciliation of Cash			
Cash and Cash Equivalents	\$ 252,292	\$ 167,204	\$ 419,496
Restricted Cash	48,775	65,570	114,345
Total Cash and Cash Equivalents	<u>\$ 301,067</u>	<u>\$ 232,774</u>	<u>\$ 533,841</u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ 11,688	(224,108)	\$ (212,420)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
Depreciation	43,372	244,854	288,226
Change in Assets and Liabilities			
(Increase) Decrease in Accounts Receivable	1,164	1,015	2,179
Increase (Decrease) in Accounts Payable	(7,820)	9,912	2,092
Increase (Decrease) in Accrued Salaries	(135)	1,189	1,054
Increase (Decrease) in Accrued Interest	0	(67)	(67)
Increase (Decrease) in Customer Deposits	6,787	0	6,787
Net Cash Provided by Operating Activities	<u>\$ 55,056</u>	<u>32,795</u>	<u>\$ 87,851</u>

The notes to the financial statements are an integral part of this statement.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Elephant Butte (City) have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements. The more significant of the City's accounting policies are described below.

Financial Reporting Entity

The City of Elephant Butte was incorporated under the laws of the State of New Mexico. The City operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the City is considered a primary government, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the City may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges and issue bonded debt.

The City has no component units, defined by GASB Statement No. 14 as other legally separate organizations for which the elected City members are financially accountable. There are no other primary governments with which the City Board Members are financially accountable. There are no other primary governments with which the City has a significant relationship.

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The funds of the City are classified into two categories: governmental and proprietary. Proprietary includes enterprise and internal service funds. The City does not have internal service funds. In the discussion of this audit, proprietary fund is referring to the enterprise fund. Each category is divided into separate fund types. The fund classification and a description of each existing fund type follows below.

Basis of Presentation

Net Position) report information on all of the activities of the City. Fiduciary funds are not included in the GWFS. Fiduciary Funds are reported only in the Statement of Fiduciary Assets and Liabilities at the fund financial statement level. The City has no Fiduciary Funds. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given program 2) operating grants and contributions that are restricted to meeting the operational requirements of a particular program and 3) capital grants or contributions restricted to meeting capital requirements of a particular program. Taxes and other items not properly included amount program revenues are reported instead as general revenues.

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City and accounts for all revenues and expenditures of the City not encompassed within other funds.

Municipal Streets Fund - To account for the one-cent gasoline tax being allocated to the City for the explicit purpose of street repair. The authority for the allocation and setup of the fund is 7-1-6-27, NMSA, 1978 Compilation, 1989 supplement.

Capital Projects Fund - The Capital Projects Fund is used to account for all resources for the acquisition of capital facilities by the City. Expenditures are restricted to Capital Improvements.

Proprietary Utility Funds - The fund is used to account for the provision of water and waste water services to the residents of the City. Activities of the fund includes administration, operations and maintenance of the sewer system and billing and collection activities. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Additionally, the City reports the following non-major funds types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The Statement of Net Position and the Statement of Activities and statements for the proprietary fund were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows or resources, liabilities and deferred inflows or resources resulting from nonexchange transactions are recognized in accordance with the requirement of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e. when they become both measurable and available. "Measurable means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 30 days after year end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The specific revenue recognition policy for property taxes are recognized when levied, derived tax revenue (such as gross receipts tax) are recognized when the underlying transaction takes place, and grants are recognized when all of the eligibility requirements have been met.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Gross receipts taxes collected and held by the state at year on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

Budgetary Control

1. Prior to June 1, the City's Clerk-Treasurer submits the budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to July 1, the budget is legally enacted through passage of an ordinance and then must be approved by Local Government Division of the State Department of Finance and Administration.
3. The City treasurer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Councilors and the State Department of Finance and Administration.
4. Formal budgetary integration is employed as a management control device during the year for all funds.
5. The level of budget authority is at the fund level.

Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The City is authorized under the provisions of Chapter 6, Article 10, paragraph 10, NMSA 1978, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by an agency of the United States.

Investments

All money not immediately necessary for the public uses of the City may be invested in :

- (a) bonds or negotiable securities of the United States, the state or any county, municipality or City which has a taxable valuation of real property for the last preceding year of at least one million dollars (1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or
- (b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.
- (c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.

Prepaid Items

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

Receivables and Payables

Receivables include property taxes, interfund loans that are expected to be paid back and amount due from state government agencies related to various grant agreements. Payables represent routine monthly bills for services rendered and products purchased and accrued salaries and benefits.

Capital Assets

Capital assets, which includes property, plant, equipment (including software), and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are recorded at historical costs and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The construction period interest is not capitalized in the proprietary funds.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Infrastructure	50 Years
Buildings, Improvements and	15-30 Years
Equipment & Vehicles	4-30 Years

Use of Restricted Funds

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Unearned and Unavailable Revenue

The City reports unearned and unavailable revenues on its Statement of Net Position and Fund Balance Sheet. Unearned revenues arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the City has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and the revenue is recognized. Unavailable revenues also occur in the fund financial statements when revenue is earned but is not available such as property taxes. The revenue becomes available if received within 30 days of the fiscal year end.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or the balance sheet for governmental funds will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position/fund balance that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has no deferred outflows of resources during the fiscal year 2014.

In addition to liabilities, the statement of net position and/or the balance sheet for the governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position/fund balance that applied to a future period and so will not be recognized until then. The Village has the no deferred inflows of resources in the fiscal year 2014.

Revenue

The policy for defining the proprietary fund's operating revenues and expenses is how individual Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Waste Water Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Compensated Absences

The City calls this PTO. All full-time employees who have worked for the City for five years or less earn a rate of 2.77 hours for each full work week. Employees who have worked for the City between five and ten years earn a rate of 3.539 hours for each full work week. Employees who have worked for the City between ten and fifteen years earn a rate of 3.847 hours for each full work week. Employees who have worked for the City between fifteen and twenty years earn a rate of 4.154 hours for each full work week. Employees who have worked for the City twenty plus years earn a rate of 4.616 hours for each full work week. Each employee will have the ability to sell or cash in or redeem their PTO at their anniversary date, subject to the following:

- a. Employees can sell one-half of any accrued amount of PTO.
- b. Employees can combination - sell one-half and carry over as they feel necessary.

Employees are paid for one-half the PTO they have accrued and carried over at employment end.

Net Position

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed by creditors, grantors or laws or regulations of other governments.

Restricted Net Position

For the government-wide statement of net position, net positions are reported as restricted when constraints placed on net positions use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available it will first be applied to restricted resources.

Fund Balances of Fund Financial Statements

Nonspendable fund balance indicates that portion of fund equity is not spendable such as inventory.

The restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resources providers, or through enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balance is the residual amount that is not restricted or committed.

NOTE B: RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - all Governmental Fund Types is presented on the budgetary basis to provide a comparison of actual results with the budget. The major differences between the budget basis and GAAP (Generally Accepted Accounting Principles) basis are that:

A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

The adjustments necessary to convert the results of operations for the year from GAAP basis to the budget basis for the governmental funds are presented on each individual Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).

NOTE C: DEPOSITS AND INVESTMENTS

The City is required by New Mexico State Statute (Section 6-10-17) to be 50% collateralized. Following is a schedule calculating the requirement and disclosing the pledged securities.

First Savings

<u>Name of Account</u>	<u>Bank Balance</u> 6/30/14	<u>Reconciled</u> Balance	<u>Type</u>
Elephant Butte	\$ 111,782	\$ 83,490	Checking-Non-Interest bearing
Elephant Butte	1,330,719	1,330,719	Checking-Interest bearing
TOTAL Deposited	<u>1,442,501</u>	<u>\$ 1,414,209</u>	
Less: FDIC Coverage	<u>(250,000)</u>		
Uninsured Amount	1,192,501		
50% collateral requirement	596,251		
Pledged securities	<u>2,877,965</u>		
Over (Under) requirement	<u>\$ 2,281,715</u>		

The following securities are pledged:

<u>Description</u>	<u>CUSIP #</u>	<u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
FHLMC	31282CA98	\$ 62,214	04/01/2020	Federal Reserve, Minneapolis
FNMA	31376KUB0	196,013	09/01/2020	Federal Reserve, Minneapolis
FNMA	3138A7GY8	513,617	02/01/2026	Federal Reserve, Minneapolis
FNMA	36176XE21	150,643	03/15/2027	Federal Reserve, Minneapolis
FHLMC	3128MDNR0	1,478,835	01/01/2028	Federal Reserve, Minneapolis
FNMA	3138EKJA4	130,540	01/01/2028	Federal Reserve, Minneapolis
GNR	38377TBL4	82,139	11/20/2038	Federal Reserve, Minneapolis
GNR	38377NLJ1	113,301	09/20/2039	Federal Reserve, Minneapolis
GNR	38377U5F1	150,663	10/20/2040	Federal Reserve, Minneapolis
		<u>\$ 2,877,965</u>		

Custodial Credit Risk-Deposits

<u>Depository Account</u>	<u>Bank</u> <u>Balance</u>
Insured	\$ 250,000
Collateralized:	
Collateral held by the pledging bank in City's name	1,192,501
Uninsured and uncollateralized	0
Total Deposits	<u>\$ 1,442,501</u>

The difference between the bank balance and the reconciled balance is outstanding deposits, outstanding checks and pending bank adjustments.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of the end of the fiscal year none of the City's bank balance of \$1,442,501 was exposed to custodial credit risk.

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
 Notes to the Financial Statements
 June 30, 2014

Bank of America	Balance Per Bank 06/30/14	Reconciled Balance	Type
<u>Name of Account</u>			
NMFA-SC- PP-2591	\$ 12	\$ 12	Savings
NMFA-ZD DW-2495	1,587	1,587	Savings
TOTAL Deposited	<u>\$ 1,599</u>	<u>\$ 1,599</u>	

Bank of America is the fiscal agent for New Mexico Finance Authority (NMFA). NMFA is responsible for pledged securities.

New Mexico State Treasurer	Balance 6/30/14	Reconciled Balance	Type
<u>Name of Account</u>			
Reserve Fund	\$ 970	\$ 970	Investment
TOTAL Deposited	<u>\$ 970</u>	<u>\$ 970</u>	

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, relates to how deposits and investments are reported in the annual financial statements of governmental entities. GASB Statement No. 40 disclosures inform financial statement users about deposit and investment risks that could affect a government's ability to provide services and meet its obligations as they become due. GASB Statement No. 40 requires governments to disclose deposit and investment risks related to credit risk (including custodial credit risk), concentration of credit risk, interest rate risk, and foreign currency risk. The State Treasurer's Office provides the following information regarding the LGIP:

1. With respect to credit risk, the LGIP, a government investment pool, is rated AAAM by Standard & Poor's. Therefore, the LGIP reports AAAM for credit risk. Public funds are not required to disclose custodial credit risk for external investment pools. Therefore, the LGIP is exempt from this requirement.
2. GASB Statement No. 40 defines concentration of credit risk as investments of more than 5% in any one issuer. External investment pools, such as the LGIP, are excluded from the requirement of disclosing concentration of credit risk. Therefore, the LGIP is exempt from this disclosure. However, our portfolio is posted on the State Treasurer's website www.stonm.org and available for review by participants at any time.
3. GASB Statement No. 40 defines interest rate risk as the risk that interest rate variations may adversely affect the fair value of an investment. According to GASB Statement No. 40, an acceptable method for reporting interest rate risk is weighted average maturity ("WAM"). The State Treasurer's Office uses this method for reporting purposes for the LGIP. The WAM of the LGIP is identified on the monthly LGIP investment report found on the State Treasurer's Office website at www.stonm.org. As of June 30, 2014, the LGIP WAM(R) is 59 days and WAM(F) is 96 days.
4. Finally, with respect to foreign currency risk, all investments in the LGIP are in U.S. dollar denominated assets. Therefore, the LGIP has no foreign currency risk.

NOTE D: RESTRICTED CASH

The restricted cash is the utility deposits and capacity fees restricted for future expansion.

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
Notes to the Financial Statements
June 30, 2014

NOTE E: CAPITAL ASSETS

Capital Assets Balances and Activity for the fiscal year end is as follows:

	Beginning Balance 6/30/13	Increases	Decreases	Ending Balance 6/30/14
Governmental Activities				
Capital Assets, not being Depreciated				
Land	\$ 1,177,627	\$ 0	\$ 0	\$ 1,177,627
Construction in Progress	0	0	0	0
Total Capital Assets, not being Depreciated	<u>1,177,627</u>	<u>0</u>	<u>0</u>	<u>1,177,627</u>
Capital Assets, being Depreciated				
Infrastructure	2,270,441	549,657	152,461	2,667,637
Buildings & Improvements	572,050	220,972	0	793,022
Equipment	421,391	30,000	0	451,391
Vehicles	551,320	0	0	551,320
Total Capital Assets, being Depreciated	<u>3,815,202</u>	<u>800,629</u>	<u>152,461</u>	<u>4,463,370</u>
Total Capital Assets	<u>4,992,829</u>	<u>800,629</u>	<u>152,461</u>	<u>5,640,997</u>
Less Accumulated Depreciation				
Infrastructure	252,968	71,715	0	324,683
Buildings & Improvements	280,340	15,633	0	295,973
Equipment	93,245	26,076	0	119,321
Vehicles	300,243	23,139	0	323,382
Total Accumulated Depreciation	<u>926,796</u>	<u>136,563</u>	<u>0</u>	<u>1,063,359</u>
Capital Assets, net	<u>\$ 4,066,033</u>	<u>\$ 664,066</u>	<u>\$ 152,461</u>	<u>\$ 4,577,638</u>

Depreciation expense was charged to governmental activities as follows:

General	\$ 11,635
Public Safety	27,293
Public Works	93,047
Culture & Recreation	4,588
Total Depreciation Expenses	<u>\$ 136,563</u>

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
Notes to the Financial Statements
June 30, 2014

	Beginning Balance 6/30/13	Increases	Decreases	Ending Balance 6/30/14
Business-Type Activities				
Capital Assets not being Depreciated				
Land	\$ 50,901	\$ 0	\$ 0	\$ 50,901
Total Capital Assets not being Depreciated	50,901	0	0	50,901
Capital Assets, being Depreciated				
Other Capital Assets				
Lakeshore Water System	1,572,667	0	0	1,572,667
Waste Water System	11,753,839	152,461	0	11,906,300
Equipment	80,290	86,836	0	167,126
Total Capital Assets, being Depreciated	13,406,796	239,297	0	13,646,093
Total Capital Assets at Historical Cost	13,457,697	239,297	0	13,696,994
Less Accumulated Depreciation				
Improvements	1,684,200	277,203	0	1,961,403
Equipment	24,148	11,026	0	35,174
Total Accumulated Depreciation	1,708,348	288,229	0	1,996,577
Capital Assets, net	\$ 11,749,349	\$ (48,932)	\$ 0	\$ 11,700,417

NOTE F: LONG TERM DEBT

Governmental Funds

A summary of activity in the Long-Term Debt is as follows:

	Beginning Balance 6/30/13	Additions	Reductions	Ending Balance 6/30/14	Amounts Due Within One Year
Loans Payable					
NMFA-SC PP-2591	278,188	\$ 0	\$ 16,269	\$ 261,919	\$ 16,592
Total	\$ 278,188	\$ 0	\$ 16,269	\$ 261,919	\$ 16,592

All activities of bonds and loans payable at June 30, 2014 are comprised of the following individual issues:

Description	Original Amount	Maturity Date	Interest Rate	Annual Payments	Collateral
NMFA-SC PP-2591	284,200	05/01/2027	3.458%	Various	Fire Truck

The annual requirements for the above loan as of June 30, 2014, including interest payments are as follows:

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
Notes to the Financial Statements
June 30, 2014

	Principal	Interest	Total
2015	\$ 16,592	\$ 8,399	\$ 24,991
2016	16,988	8,149	25,137
2017	17,442	7,845	25,287
2018	17,964	7,470	25,434
2019	18,569	7,022	25,591
2020-2024	102,528	26,026	128,554
2025-2027	71,836	6,063	77,899
	<u>\$ 261,919</u>	<u>\$ 70,974</u>	<u>\$ 332,893</u>

Proprietary Funds

A summary of activity in the Long-Term Debt is as follows:

	Beginning Balance 6/30/13	Additions	Reductions	Ending Balance 6/30/14	Amounts Due Within One Year
<u>Loans Payable</u>					
NMFA-WTB 59	\$ 84,822	\$ 0	\$ 6,059	\$ 78,763	\$ 6,059
RIP 2006-02	442,485	0	20,333	422,152	20,943
NMFA-WTB 87	99,950	0	6,547	93,403	6,564
RIP 2007-02	422,151	0	20,943	401,208	0
ARRA	427,822	0	19,980	407,842	20,380
NMFA-5	292,839	0	12,821	280,018	13,077
Total	<u>\$ 1,770,069</u>	<u>\$ 0</u>	<u>\$ 86,683</u>	<u>\$ 1,683,386</u>	<u>\$ 67,023</u>

All activities of bonds and loans payable at June 30, 2014 are comprised of the following individual issues:

Description	Original Amount	Maturity Date	Interest Rate	Annual Payments	Collateral
NMFA-WTB 59	\$ 121,175	06/15/2027	0%	\$ 6,059	Utility Revenues
RIP 2006-02	500,000	06/15/2028	3%	33,608	Utility Revenues
NMFA-WTB 87	128,400	06/01/2027	0%	6,564	Utility Revenues
RIP 2007-02	500,000	07/16/2030	3%	33,608	Utility Revenues
ARRA	500,000	06/01/2031	2%	28,536	Utility Revenues
NMFA-EB5	\$ 299,186	06/01/2032	1.75%	\$ 17,946	Utility Revenues

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
Notes to the Financial Statements
June 30, 2014

The annual requirements to above loans as of June 30, 2014, including interest payments are as follows:

	Principal	Interest	Total
2015	\$ 67,023	\$ 25,722	\$ 92,745
2016	89,908	36,493	126,401
2017	91,901	93,947	185,848
2018	93,947	32,554	126,501
2019	96,048	30,506	126,554
2020-2024	513,727	119,833	633,560
2025-2029	556,303	59,742	616,045
2030-2032	174,529	5,523	180,052
	<u>\$ 1,683,386</u>	<u>\$ 404,320</u>	<u>\$ 2,087,706</u>

NOTE G: PROPERTY TAXES

The County collects the City's share of property taxes assessed. Property taxes attach an enforceable lien on property as of January 1st. Tax notices are sent by the County treasurer to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. The County collects such taxes and distributes them to the City on a monthly basis. The City accounts for its share of property taxes in the General and Capital Projects Funds. Only those collections received are recorded as revenues for the budget presentation.

NOTE H: RETIREMENT PLAN

Plan Description. Substantially all of the municipality's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at <http://www.pera.state.nm.us>.

Funding Policy. Plan members are required to contribute 8.5% of their gross salary. The municipality is required to contribute 7% of the gross covered salary. The contribution requirements of the plan members and the municipality are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The municipality's contributions to PERA for the fiscal years ending June 30, 2014, 2013 and 2012 were \$23,638, \$20,775, and \$22,528, respectively, which equal the amount of the required for each fiscal year.

NOTE I: POST-EMPLOYMENT BENEFITS

The City does not participate in the State of New Mexico Retiree Health Care plan.

NOTE J: INTERFUND TRANSFERS

Interfund transfers at the fiscal year end were as follows:

	Transfers In			
	Streets	Capital Projects	Non-Major Governmental	Utility
General	\$ 84,000	\$ 350,000	\$ 34,690	\$ 41,921

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
 Notes to the Financial Statements
 June 30, 2014

A transfer from General Fund to Streets was to provide the local match for a grant, Capital Projects to provide local funds for future utility projects and the purchase of a building and Recreation to cover the shortfall.

NOTE K: RISK MANAGEMENT

The City participates in the New Mexico Self-Insurers Fund for medical insurance coverage for their employees. Commercial Insurance covers all other losses. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years. There are no claim liabilities at year end.

NOTE L: RECEIVABLES

Receivables at the fiscal year end were as follows:

	General	Streets	Non-Major Governmental	Utility
Accounts Receivable	\$ 0	\$ 0	\$ 0	\$ 40,911
Gross Receipts Taxes	31,937	0	0	0
Property Taxes	6,120	0	0	0
Franchise Taxes	0	0	0	0
Gasoline Taxes	0	1,329	0	0
Motor Vehicle	0	1,356	0	0
Lodgers Tax	0	0	4,149	0
Due from Grantor	0	0	27,991	0
	<u>\$ 38,057</u>	<u>\$ 2,685</u>	<u>\$ 32,140</u>	<u>\$ 40,911</u>

Taxes receivable for the governmental funds consists primarily of taxes collected by the collection agency in the current year, but not remitted to the City until after year-end. All governmental fund receivables are considered fully collectible.

NOTE M: SURETY BOND

The officials and certain employees of the City are covered by a surety bond as required by Section 12-6-7, NMSA, 1978 Compilation.

NOTE N: JOINT POWERS AGREEMENTS

Law Enforcement Services

Participants: County of Sierra/Sheriff's Office and City of Elephant Butte.

Description: County Sheriff's office is to provide trained and certified personnel, equipment, training, and other law enforcement activities within the City during the period of time in which this Joint Powers Agreement is in force. The City's cost for this is \$26,000, and the audit's responsibility belongs to the County of Sierra. This agreement shall be perpetual, until terminated by one or more of the parties to this Agreement.

Sierra County Regional Dispatch Authority

Participants: County of Sierra, City of Truth or Consequences, City of Williamsburg and City of Elephant Butte.

Description: The Joint Powers Agreement creates a separate legal entity that will provide a communications dispatch center to serve the County Sheriff's Department and various County Volunteer Fire Departments, City Police and Fire Departments, Emergency standby personnel, the City Police and Fire Departments, the State police, State Parks, State Game and Fish, Emergency Medical services and any such other similar agencies as shall later request communications services in Sierra county, New Mexico. The Audit's responsibility belongs to the County of Sierra. This agreement shall be perpetual, until terminated by one or more of the parties to this Agreement.

Animal Control

Participants: City of Elephant Butte and the City of Truth or Consequences.

Description: The City of Elephant Butte and The City of Truth or Consequences have agreed to share resources in order to protect the citizens of City of Elephant Butte and to humanely treat the stray animal in City of Elephant Butte through the joint exercise of the City's Animal Control Officers. This Joint Powers Agreement may be terminated by either party upon ninety days written notice delivered to the other.

NOTE O: COMMITMENTS

The City is involved in small renovations and repairs.

NOTE P: SUBSEQUENT EVENTS

Subsequent events were evaluated through November 24, 2014, which is the date the financial statements were available to be issued.

NOTE Q: SUBSEQUENT ACCOUNTING STANDARD PRONOUNCEMENTS

Statement No. 68, Accounting and Financial Reporting for Pensions. The statement replaces the requirements of GASBS 27, Accounting for Pensions by State and Local Governmental Employers, and the requirements of GASBS 50, Pension Disclosures, as they related to pensions that are provided through pension plans administered as trusts. The requirements of Statements 27 and 50 remain applicable for pensions that are covered by GASBS 68. This statement is effective for financial statements for fiscal years beginning after June 15, 2014. The Town is reviewing the effects of the implementation of this statement and expects it will result in a material liability for pension participation in future years.

NOTE R: RESTATEMENT

Net Position was restated by \$32,937 of which \$29,297 is outstanding property taxes reported last year that could not be the County Treasurer could not provide. There was a finding on the June 30, 2013 audit report saying outstanding property taxes could not be provided. They balance of the restatement of \$3,640 was to remove net debt issue costs.

**SUPPLEMENTAL INFORMATION RELATED TO
MAJOR FUNDS**

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
 CAPITAL PROJECTS FUND
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Miscellaneous	\$ 0	\$ 0	\$ 44	\$ 44
Transfer In	0	250,000	350,000	100,000
Total Revenues	<u>0</u>	<u>250,000</u>	<u>350,044</u>	<u>100,044</u>
Expenditures				
Capital Outlay	250,000	373,500	373,482	18
Total Expenditures	<u>250,000</u>	<u>373,500</u>	<u>373,482</u>	<u>18</u>
Excess (Deficiency) of Revenues Over Expenditures	(250,000)	(123,500)	(23,438)	100,062
Cash Balance Beginning of Year	<u>333,096</u>	<u>333,096</u>	<u>333,096</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 83,096</u>	<u>\$ 209,596</u>	<u>\$ 309,658</u>	<u>\$ 100,062</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ (23,438)</u>	
Change in Fund Balance			<u>\$ (23,438)</u>	

The notes to the financial statements are an integral part of this statement.

**SUPPLEMENTAL INFORMATION RELATED TO
NON MAJOR FUNDS**

NONMAJOR GOVERNMENTAL FUNDS

Fire Fund - To account for the operation and maintenance of the City Fire Department. Financing is primarily from an annual state fire allotment. The fund was created by the authority of state grant provisions. (NMSA 59A-53-1)

Emergency Medical Services Fund- To account for the operation and maintenance of the City's EMS Department. Financing is primarily from an annual EMS allotment and fees collected for emergency transportation. The fund was created by the authority of state grant provisions. (NMSA 59A-53-1)

Law Enforcement Protection Fund - To account for funds received from the State of New Mexico for law enforcement purposes. The fund was created by the authority of state grant provisions. (NMSA 29-13-3)

Correction Fund - To account for the collection of fines which are used to supplement the cost of prisoner housing. The fund was created by the authority of state statute. (Section 29-1301 NASA 1978)

Lodger Tax Fund - To account for lodge's tax, which is to be used for cultural and recreational purposes. Funding is authorized by NMSA 3-38-14.

Recreation Fund - To account for the operation and maintenance of the City's youth recreation program. Financing is provided by the state shared cigarette tax. The fund was created by the authority of state statute. (NMSA 7-12-15)

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2014

	Special Revenue Funds		
	Fire	Emergency Medical Services	Law Enforcement Protection
ASSETS			
Cash and Cash Equivalents	\$ 48,357	\$ 0	\$ 23,084
Receivables			
Taxes	0	0	0
Due from Grantor	0	0	0
Total Assets	<u>\$ 48,357</u>	<u>\$ 0</u>	<u>\$ 23,084</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 549	\$ 0	\$ 0
Total Liabilities	<u>549</u>	<u>0</u>	<u>0</u>
Fund Balance			
Restricted for:			
Special Revenue	47,808	0	23,084
Total Fund Balance	<u>47,808</u>	<u>0</u>	<u>23,084</u>
Total Liabilities and Fund Balance	<u>\$ 48,357</u>	<u>\$ 0</u>	<u>\$ 23,084</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2014

	<u>Special Revenue Funds</u>		
	<u>Correction</u>	<u>Lodgers Tax</u>	<u>Recreation</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,599	\$ 0	\$ 48,909
Receivables			
Taxes	0	4,149	0
Due from Grantor	0	27,991	0
Total Assets	<u>\$ 1,599</u>	<u>\$ 32,140</u>	<u>\$ 48,909</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 0	\$ 1,589	\$ 2,005
Total Liabilities	<u>0</u>	<u>1,589</u>	<u>2,005</u>
Fund Balance			
Restricted for:			
Special Revenue	<u>1,599</u>	<u>30,551</u>	<u>46,904</u>
Total Fund Balance	<u>1,599</u>	<u>30,551</u>	<u>46,904</u>
Total Liabilities and Fund Balance	<u>\$ 1,599</u>	<u>\$ 32,140</u>	<u>\$ 48,909</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
 NONMAJOR GOVERNMENTAL FUNDS
 Combining Balance Sheet
 June 30, 2014

	<u>Total</u>
ASSETS	
Cash and Cash Equivalents	\$ 121,949
Receivables	
Taxes	4,149
Due from Grantor	27,991
Total Assets	<u>\$ 154,089</u>
 LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts Payable	\$ 4,143
Total Liabilities	<u>4,143</u>
 Fund Balance	
Restricted for:	
Special Revenue	<u>149,946</u>
Total Fund Balance	<u>149,946</u>
 Total Liabilities and Fund Balance	<u>\$ 154,089</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2014

	Special Revenue Funds		
	Fire	Emergency Medical Services	Law Enforcement Protection
Revenues			
Lodgers Taxes	\$ 0	\$ 0	\$ 0
Charge for Services	0	0	0
State Grants	67,266	0	20,600
Fees & Fines	0	0	0
Other	4	0	0
Total Revenues	<u>67,270</u>	<u>0</u>	<u>20,600</u>
Expenditures			
Current			
Public Safety	40,942	7,533	11,416
Culture & Recreation	0	0	0
Debt Service			
Principal	16,269	0	0
Interest	8,722	0	0
Total Expenditures	<u>65,933</u>	<u>7,533</u>	<u>11,416</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,337</u>	<u>(7,533)</u>	<u>9,184</u>
Other Financing Sources (Uses)			
Transfers In (Out)	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	1,337	(7,533)	9,184
Fund Balances at Beginning of Year	<u>46,471</u>	<u>7,533</u>	<u>13,900</u>
Fund Balance End of Year	<u>\$ 47,808</u>	<u>\$ 0</u>	<u>\$ 23,084</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2014

	<u>Special Revenue Funds</u>		
	<u>Correction</u>	<u>Lodgers Tax</u>	<u>Recreation</u>
Revenues			
Lodgers Taxes	\$ 0	\$ 45,402	\$ 0
Charge for Services	0	0	17,913
State Grants	0	27,990	0
Fees & Fines	433	0	0
Other		5	3,668
Total Revenues	<u>433</u>	<u>73,397</u>	<u>21,581</u>
Expenditures			
Current			
Public Safety	0	0	0
Culture & Recreation	0	104,150	58,058
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>0</u>	<u>104,150</u>	<u>58,058</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>433</u>	<u>(30,753)</u>	<u>(36,477)</u>
Other Financing Sources (Uses)			
Transfers In (Out)	<u>(15,000)</u>	<u>19,690</u>	<u>30,000</u>
Total Other Financing Sources (Uses)	<u>(15,000)</u>	<u>19,690</u>	<u>30,000</u>
Net Change in Fund Balance	(14,567)	(11,063)	(6,477)
Fund Balances at Beginning of Year	<u>16,166</u>	<u>41,614</u>	<u>53,381</u>
Fund Balance End of Year	<u>\$ 1,599</u>	<u>\$ 30,551</u>	<u>\$ 46,904</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2014

	<u>Total</u>
Revenues	
Lodgers Taxes	\$ 45,402
Charge for Services	17,913
State Grants	115,856
Fees & Fines	433
Other	3,677
Total Revenues	<u>183,281</u>
Expenditures	
Current	
Public Safety	59,891
Culture & Recreation	162,208
Debt Service	
Principal	16,269
Interest	8,722
Total Expenditures	<u>247,090</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(63,809)</u>
Other Financing Sources (Uses)	
Transfers In (Out)	34,690
Total Other Financing Sources (Uses)	<u>34,690</u>
Net Change in Fund Balance	(29,119)
Fund Balances at Beginning of Year	<u>179,065</u>
Fund Balance End of Year	<u>\$ 149,946</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
SPECIAL REVENUE FUND-FIRE FUND
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grants	\$ 42,275	\$ 42,275	\$ 67,266	\$ 24,991
Interest Income	30	30	4	(26)
Other	200	200	0	(200)
Total Revenues	<u>42,505</u>	<u>42,505</u>	<u>67,270</u>	<u>24,765</u>
Expenditures				
Public Safety				
Operating	39,000	39,000	38,904	96
Capital Outlay	10,000	10,000	7,923	2,077
Debt Service				
Principal	16,500	16,500	16,269	231
Interest	8,700	8,700	8,722	(22)
Total Expenditures	<u>74,200</u>	<u>74,200</u>	<u>71,818</u>	<u>2,382</u>
Excess (Deficiency) of Revenues Over Expenditures	(31,695)	(31,695)	(4,548)	22,383
Cash Balance Beginning of Year	<u>52,905</u>	<u>52,905</u>	<u>52,905</u>	<u>0</u>
Cash Balance End of Year	\$ <u>21,210</u>	\$ <u>21,210</u>	\$ <u>48,357</u>	\$ <u>22,383</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (4,548)	
Net Change in Accounts Payable			<u>5,885</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>1,337</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
SPECIAL REVENUE FUND-EMERGENCY MEDICAL SERVICES FUND
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grants	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Public Safety				
Operating Expenses	<u>7,533</u>	<u>7,533</u>	<u>7,533</u>	<u>0</u>
Total Expenditures	<u>7,533</u>	<u>7,533</u>	<u>7,533</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(7,533)	(7,533)	(7,533)	0
Cash Balance Beginning of Year	<u>7,533</u>	<u>7,533</u>	<u>7,533</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>(7,533)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(7,533)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
SPECIAL REVENUE FUND-LAW ENFORCEMENT PROTECTION FUND
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grants	\$ 20,600	\$ 20,600	\$ 20,600	\$ 0
Total Revenues	<u>20,600</u>	<u>20,600</u>	<u>20,600</u>	<u>0</u>
Expenditures				
Public Safety				
Operating Expenses	13,000	13,000	11,416	1,584
Capital Outlay	<u>21,500</u>	<u>21,500</u>	<u>0</u>	<u>21,500</u>
Total Expenditures	<u>34,500</u>	<u>34,500</u>	<u>11,416</u>	<u>23,084</u>
Excess (Deficiency) of Revenues Over Expenditures	(13,900)	(13,900)	9,184	23,084
Cash Balance Beginning of Year	<u>13,900</u>	<u>13,900</u>	<u>13,900</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>23,084</u>	\$ <u>23,084</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 9,184	
Net Change in Accounts Payable			<u>0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 9,184</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
SPECIAL REVENUE FUND-CORRECTION FUND
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Correction Fees	\$ 500	\$ 500	\$ 420	\$ (80)
Other	25	25	13	(12)
Total Revenues	<u>525</u>	<u>525</u>	<u>433</u>	<u>(92)</u>
Expenditures				
Public Safety				
Housing Of Prisoners	0	0	0	0
Transfer to General	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>0</u>
Total Expenditures	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(14,475)	(14,475)	(14,567)	(92)
Cash Balance Beginning of Year	<u>16,166</u>	<u>16,166</u>	<u>16,166</u>	<u>0</u>
Cash Balance End of Year	\$ <u>1,691</u>	\$ <u>1,691</u>	\$ <u>1,599</u>	\$ <u>(92)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>(14,567)</u>	
Change in Fund Balance			\$ <u>(14,567)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
SPECIAL REVENUE FUND-LODGERS TAX FUND
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Lodgers Tax	\$ 70,000	\$ 70,000	\$ 41,936	\$ (28,064)
Transfer in from General	0	19,690	19,690	0
Other	30	30	6	(24)
Total Revenues	<u>70,030</u>	<u>89,720</u>	<u>61,632</u>	<u>(28,088)</u>
Expenditures				
Culture & Recreation				
Operating Expenses	<u>95,000</u>	<u>131,401</u>	<u>103,313</u>	<u>28,088</u>
Total Expenditures	<u>95,000</u>	<u>131,401</u>	<u>103,313</u>	<u>28,088</u>
Excess (Deficiency) of Revenues Over Expenditures	(24,970)	(41,681)	(41,681)	0
Cash Balance Beginning of Year	<u>41,681</u>	<u>41,681</u>	<u>41,681</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 16,711</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (41,681)	
Net Change in Taxes Receivable			3,466	
Due from Grantor			27,991	
Net Change in Accounts Payable			(839)	
Change in Fund Balance			<u>\$ (11,063)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
SPECIAL REVENUE FUND-RECREATION FUND
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Charge for Services	\$ 64,745	\$ 64,745	\$ 21,393	\$ (43,352)
Transfer in from General	30,000	30,000	30,000	0
Total Revenues	<u>94,745</u>	<u>94,745</u>	<u>51,393</u>	<u>(43,352)</u>
Expenditures				
Culture & Recreation				
Operating Expenses	<u>129,600</u>	<u>129,600</u>	<u>58,058</u>	<u>71,542</u>
Total Expenditures	<u>129,600</u>	<u>129,600</u>	<u>58,058</u>	<u>71,542</u>
Excess (Deficiency) of Revenues Over Expenditures	(34,855)	(34,855)	(6,665)	28,190
Cash Balance Beginning of Year	<u>55,574</u>	<u>55,574</u>	<u>55,574</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 20,719</u>	<u>\$ 20,719</u>	<u>\$ 48,909</u>	<u>\$ 28,190</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (6,665)	
Net change in Accounts Payable			<u>188</u>	
Change in Fund Balance			<u>\$ (6,477)</u>	

The notes to the financial statements are an integral part of this statement.

ENTERPRISE FUNDS

Utility Funds

To account for the provision of water and waste water service to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to administration, operations, maintenance, financing and related debt service, and billing and collections.

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
 PROPRIETARY-WATER
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Charge for Services	\$ 219,858	\$ 219,858	\$ 210,653	\$ (9,205)
Interest Income	400	400	210	(190)
Total Revenues	<u>220,258</u>	<u>220,258</u>	<u>210,863</u>	<u>(9,395)</u>
Expenditures				
Personnel	65,195	65,195	61,389	3,806
Employee Benefits	23,228	23,228	17,753	5,475
Other Operating Expenses	141,830	141,830	76,455	65,375
Capital Outlay	26,000	26,000	42,638	(16,638)
Debt Service				
Principal	22,440	22,440	12,821	9,619
Interest	0	0	5,857	(5,857)
Transfer to General	0	0	34,500	(34,500)
Total Expenditures	<u>278,693</u>	<u>278,693</u>	<u>251,413</u>	<u>27,280</u>
Excess (Deficiency) of Revenues Over Expenditures	(58,435)	(58,435)	(40,550)	17,885
Cash Balance Beginning of Year	<u>341,617</u>	<u>341,617</u>	<u>341,617</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 283,182</u>	<u>\$ 283,182</u>	<u>\$ 301,067</u>	<u>\$ 17,885</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures			\$ (40,550)	
Depreciation			(43,372)	
Principal Paid			12,821	
Capital Outlay			42,638	
Net Change in Accounts Receivable			(1,164)	
Net Change in Accounts Payables			7,820	
Net Change in Accrued Salaries			135	
Net Change in Customer Deposits			(6,787)	
Change in Net Position			<u>\$ (28,459)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF ELEPHANT BUTTE
 PROPRIETARY-WASTE WATER
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Charge for Services	\$ 275,000	\$ 275,000	\$ 300,783	\$ 25,783
Interest Income	75	75	206	131
Transfer In from General	75,000	75,000	76,421	1,421
Total Revenues	<u>350,075</u>	<u>350,075</u>	<u>377,410</u>	<u>27,335</u>
Expenditures				
Personnel	73,987	73,987	80,219	(6,232)
Employee Benefits	20,381	20,381	19,169	1,212
Other Operating Expenses	193,165	193,165	165,968	27,197
Capital Outlay	53,045	53,045	46,763	6,282
Debt Service				
Principal	110,921	110,921	73,863	37,058
Interest	0	0	34,958	(34,958)
Total Expenditures	<u>451,499</u>	<u>451,499</u>	<u>420,940</u>	<u>30,559</u>
Excess (Deficiency) of Revenues Over Expenditures	(101,424)	(101,424)	(43,530)	57,894
Cash Balance Beginning of Year	<u>276,304</u>	<u>276,304</u>	<u>276,304</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 174,880</u>	<u>\$ 174,880</u>	<u>\$ 232,774</u>	<u>\$ 57,894</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures			\$ (43,530)	
Depreciation			(244,854)	
Capital Outlay			196,659	
Principal Paid			73,863	
Net Change in Accounts Receivable			(1,015)	
Net Change in Accounts Payables			(9,912)	
Net Change in Accrued Salaries			(1,189)	
Net Change in Accrued Interest			67	
Change in Net Position			<u>\$ (29,911)</u>	

The notes to the financial statements are an integral part of this statement.

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88101

(855) 253-4313

Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
In Accordance with *Government Auditing Standards*

Independent Auditor's Report

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the City of Elephant Butte

Mr. Balderas and Members of the Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue fund, of the City of Elephant Butte (City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and the combining and individual funds and related budgetary comparisons of the City, presented as supplemental information, and have issued our report thereon dated November 24, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that are less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses, that we consider to be significant deficiencies. 2011-001, 2014-001, 2014-002, 2014-003, 2014-004.


Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses; 2011-001, 2014-001, 2014-002, 2014-003, 2014-004.

The City's Responses to Findings

The City's responses to the findings identified in our audit as described in the accompanying Schedule of Findings and Responses. The City's response was not subject to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

 CPA PC

Clovis, New Mexico

November 24, 2014

Prior Year Audit Findings		<u>Status</u>
11-1	941 Payroll Tax Reports	Repeated & Modified

Current Year Audit Findings

2011-001 Payroll Tax Reports-Compliance and Internal Control-Significant Deficiency

11-1 Condition

2 of the 4 941's were unable to be located. 1 of the 4 was not submitted timely. The W-2s and 1099s for 2013 could not be located.

Criteria

Instructions for completing IRS Form 941 can be found in Employer's Quarterly Federal Tax Return Department of the Treasury, www.irs.gov/form941.

Cause

An abrupt change in personnel caused a late filing of the 941. A lack of a filing system caused personnel to be unable to locate the forms.

Effect

Inaccurate reporting to the federal agencies causes amounts due to be incorrect which may result in penalties and interest.

Recommendation

A good filing system and a calendar of due dates would eliminate the issues.

Response

We will implement a good filing system and a calendar with due dates.

2014-001 New Hire Reporting-Compliance and Internal Control-Significant Deficiency

Condition

We were unable to confirm that the City reported new hires. We can confirm that the three new employees hired after 7/1/14 has not been reported.

Criteria

Under New Mexico law (§50-13-1 to 50-13-4) and Federal law (42 USC §653.a.(b)(1)(A)), all public, private, non-profit, and government employers are required to report all newly hired employees within 20 days of hire or rehire to the New Mexico New Hires Directory.

Cause

The City has hired a new clerk. She was unaware of the state and federal compliance on new hires and was unable to located any documentation from the previous clerk on the new hire reporting.

Effect

Pursuant to federal law, states have the option of imposing civil monetary penalties on employers who fail to report new hires. The fine can be up to \$20 per newly hired employee, and if there is a conspiracy between the employer and employee not to report, the penalty can be up to \$500 per newly hired employee.

Recommendation

We recommend that the City implement a system that will ensure new hires are reported within the 20 days.

Response

We contacted New Mexico new hire. They advised that we report any new hires within the past 60 days; and that anyone hired before then would have been picked-up through the shared data base with the federal government. We will be sure to report new hires within the 20 days from the date of hire.

2014-002 State Withholding-Compliance and Internal Control-Significant Deficiency Condition

The 12 monthly combined reports to the New Mexico Taxation and Revenue did not include the amount of state withholding withheld from employees pay totaling \$9,140.19. Eight of the 12 reports showed a credit balance where the state withholding amounts were paid totaling \$5,686.62. Four months did not have the amount withheld paid totaling \$3,453.57. We noted one report was submitted late causing the City to pay a \$50.00 late fee.

Criteria

<http://www.payroll-taxes.com/state-tax/new-mexico>

Cause

Personnel were having difficulties with the TAP system required to submit the state withholdings.

Effect

Penalties and interest will be paid for the failure to file and pay the correct amount due.

Recommendation

Eight of the 12 reports need to be amended to report the amount withheld. The other 4 months should be amended to include the amount withheld and then pay the amount owed plus penalty and interest.

Response

We will amend the report and pay the taxes, penalties and interest.

2014-003 Personnel Files-Compliance and Internal Control-Significant Deficiency

Condition

During our review of personnel files we noted that 5 of the 7 I-9's were incomplete or completed incorrectly.

Criteria

uscis.gov/i-9-central/complete-correct-form-i-9 explains the correction process.

Cause

There has been two changes in personnel that has caused a breakdown in the system.

Effect

The City will pay penalties of \$110 to \$1,100 for each incorrect or missing form.

Recommendation

All I-9s should be reviewed, corrected or completed again when necessary.

Response

We will review all I-9s and get them corrected.

2014-004 Late IPA Recommendation & Contract-Compliance and Internal Control-Significant Deficiency

Condition

The IPA recommendation and contract was not received by OSA until July 29th.

Criteria

Audit Rule 2.2.2.8 G. (6) 9 c) lists the due date for the IPA recommendation May 15.

Cause

The original recommendation was submitted on the wrong form.

Effect

There was a violation of the Audit Rule and the overall process was slowed by the late submitting of the IPA recommendation and contract.

Recommendation

The IPA recommendation should be submitted on the correct form timely.

Response

We will complete the process correctly and timely.

Financial Statement Preparation

The financial statements were prepared by De'Aun Willoughby CPA. However, they are the responsibility of management.

Exit Conference

An exit conference was held on November 24, 2014. In attendance were Gerald Lafont-Board Member, Alan Briley-City Manager, Karen Rieth-City Clerk and De'Aun Willoughby, CPA.